GROUND RENTS IN PHILADELPHIA.

IT has been claimed for Philadelphia that it is peculiarly the "city of homes." * The number of people living in separate houses owned or rented by them is greater in Philadelphia than in any other American city.†

The tenement house in Philadelphia is practically unknown. The mechanic, the laborer, the clerk, as a rule, all live in their own or rented houses. The demand for small houses of moderate cost has always been a fixed

* The *Report of the Commissioners to devise a Plan for the Government of Cities of Pennsylvania*, Dec. 29, 1887, on p. 9, states that "the city of Philadelphia, appropriately called 'the city of homes,' contained in August, 1876, 143,936 dwelling-houses. It is estimated, by those best informed on the subject, that 5,000 have been built since that time, so that in round numbers Philadelphia now contains 150,000. The number of votes cast at the last municipal election was 127,520, and it is not claimed that the city contains more than 135,000 voters. It will thus be seen that the great bulk of voters are either owners of houses or tenants paying rent. Hundreds of blocks of comfortable houses, renting from twelve dollars and one half to twenty dollars per month, are scattered through the city. These are mainly occupied by the more intelligent class of mechanics and operatives in manufacturing and other establishments."

† The census for 1880 shows the following: —

	Population.	No. of Dwelling-houses.
New York,	1,206,299	73,684
Philadelphia,	847,170	146,412
Boston,	362,839	43,944
Chicago,	503,663	61,069
Baltimore,	332,313	50,833

These figures speak for themselves. Baltimore, with a smaller population than Boston, has a greater number of dwelling-houses. In that city, ground rents are a favored method of improving land. The general method of dividing the number of inhabitants by the number of dwelling-houses does not fully represent the entire phase of the question. For instance, according to the statistics of the State Board of Health, there were in New York in 1872 between 14,000 and 15,000 tenement houses, with an average number of 48 individuals to a house, showing that 48 per cent. of the population of New York inhabit tenement houses.

factor in the development of Philadelphia, and this demand has been constantly met. That the result thus obtained is a valuable one for the individual and the community is conceded. It is far better for the community when the family, which is the unit of the State, owns its hearth-stone, or at least can be the *quasi*-owner of an undivided house, at a moderate rent. This conclusion is more especially true as applied to the poorer classes. Flats or apartments renting from one to six thousand a year, since they confer all the luxuries and comforts and almost the privacy of separate houses, need not be considered here; but the lower down one goes in the scale of rents, the nearer do these flats shade off into tenement houses, with their objectionable features. In Philadelphia, however, neither the tenement house for the poor nor the flat for the rich has taken root. Each is equally rare in the Quaker city.

The cause of this is difficult to demonstrate with absolute accuracy. A fixed municipal trait is generally due to a combination of causes, and this is doubtless the case with the one under consideration. When Penn landed on the shores of the Delaware, in 1681, one of his most cherished ideas was the foundation of a great town; and his beloved city was laid out on what must have seemed, in those days of the wilderness, a scale of magnificent distances. It stretched about two miles, from the Delaware to the Schuylkill, with a mile front on each. His comprehensive scheme included a grant of a city lot to each of the first adventurers; but, as this was soon seen to be impossible, an apportionment was made of lots in the adjacent lands, which became known as the liberties. The city grew to be the American metropolis. In Germantown and the adjoining liberties and districts, settlements grew into towns modelled after the mother city, until at the time of the consolidation, in 1854, there were twenty-nine separate districts, boroughs, and townships,

each of considerable size and all closely connected with the city proper. The first settlers and their descendants were mainly thrifty and well-to-do, and Philadelphia soon became first the main commercial and then the principal manufacturing city of the land. Manufactories were scattered through the incorporated districts and boroughs and city, forming nuclei for large bodies of mechanics, laborers, shop-keepers, and their concomitant trades and professions. This development around so many centres, allowing as it did ample room for the expansion of the respective settlements within easy reach of business centres, undoubtedly accounts for the possibility of the separate house system. The necessity for crowding, which the same population would have involved if clustered round one centre, was absent. Had the business centre been entirely in Philadelphia, the primitive and tedious method of transit in vogue in all great cities up to the middle of this century, and later, would have made crowding necessary. But it followed naturally from the diffusion of trade centres that the different areas of land brought within reach of building improvements were sufficient to keep the selling value of land down to a figure which admitted of the erection of multitudes of two and three story houses, with back buildings, side and back yards, and all the improvements of their respective periods. The situation of the city was well adapted to broad and easy expansion, extending as it does up the Delaware River fifteen miles, and stretching westward to an irregular line distant from four to fourteen miles from that river, and covering an area of one hundred and twenty-nine square miles.*

* The city has suffered somewhat from want of rapid transit; for the efficiency and influence of the street-car companies and the steam railroads, and the conservatism of the people, have postponed elevated railroads, but these same corporations have afforded easy access to the suburbs in every direction. To the central Broad Street station, seven distinct lines of railroad, which traverse the suburbs in as many different ways, bring thousands of citizens in

But there has been another factor in the development of this system, which, while it is generally recognized by every one familiar with real estate in Philadelphia, has never been formulated; and that is the influence of ground rents on the growth of small freehold estates in the city of Philadelphia. Admitting that there may have been other potent influences, as above indicated, it may be safely claimed that the taking up of much of the unimproved land upon ground rent, and the care and skill with which that estate has been moulded to fit the needs of the community, have generally facilitated not only the division of land among many owners, but the improvement thereof by the erection of a multitude of small and comfortable houses. The estate known as a ground rent has been developed with considerable precision by the legislature and by the interpretation of the common law by the courts in a long series of adjudicated cases. With the legal aspect of the matter we have little to do, except in so far as it is necessary clearly to define the term for the benefit of the lay reader.

Ground rents are of common-law origin, and in some shape were common in most of the original colonies; but, although ground rents are frequently found in Maryland and sometimes in Delaware and occasionally in New Jersey, and the old Rensselaer Wyck leases of New York partook of their nature, it is in Pennsylvania, and

and out from suburban homes in the city limits. Five or six other railroads bring their thousands to and fro daily to other depots in different parts of the city. After the consolidation in 1854, the city began to be troubled with "crowding up." This tendency did not manifest itself in the erection of tenement houses, but in what was known as three-room houses. This class of houses was built on back courts and blind alleys. The houses were only one room deep, and either had no back or side yards or the smallest possible one of ten or twelve feet, barely big enough to contain an out-house. The drainage, such as there was, was surface drainage. But the street-cars, introduced about 1858, relieved this pressure just about the time the pinch began to be felt; and on April 21, 1855, the legislature passed an act aimed at the three-room house, prohibiting the erection of any house without at least 144 square feet of back or side yard, and requiring that no street or alley shall be less than 20 feet wide.

especially in Philadelphia, that this estate has attained its full development and most potent influence. In England, long leases in the nature of rent charges were called ground rents. A rent charge in England is a rent reserved in a conveyance in fee, with a clause of distress or a fee-farm turned into a rent charge by force of the statute *Quia Emptores*, which forbade subinfeudation and abolished intermediate tenure, the reservation saving the rent from the indispensable incident of fealty. This method of creating a rent charge was never favored in Pennsylvania, as it was in the nature of a charge on land and not a separate estate. The statute of *Quia Emptores*, by virtue of the royal charter to Penn, was never in force in the Province of Pennsylvania. It was possible, therefore, for intermediate tenure to exist and for a rent to be reserved out of a grant of land in fee, which would be in the nature of a rent service. A rent service is a rent reserved by the grantor of land to himself and his heirs. In the earlier cases there seemed to be some confusion as to the exact legal status of ground rents in Pennsylvania, and they were commonly spoken of as rent charges; but, in the great leading case of *Ingersoll* v. *Sergeant*, 1 Wharton, 359, decided in 1836, the matter was finally disposed of by Chief Justice Gibson, the most acute and profound jurist that ever sat on the Supreme Bench of Pennsylvania. The whole subject of tenure as it was brought over to us by Penn and modified by the Revolution and the Divesting Act of November 27, 1779, was exhaustively considered, and a ground rent defined as a rent service, an estate of inheritance reserved to himself and his heirs by the grantor of lands in fee. Now, a rent service can only exist by virtue of the feudal system and its incidents. Pennsylvania was held by Penn under tenure of free and common socage as of the castle of Windsor, with fealty and the return of two beaver-skins annually. The Revolution transferred the return and fealty of the Proprietaries from the King to the Common-

wealth; and the Divesting Act, acquiesced in by the Penns, divested the proprietor of all rights and privileges as such, including his quit rents.* In 1863, Chief Justice Woodward, in the case of *Wallace* v. *Harmstad*, 8 Wright, 492, in striving to reach the individual equities of a particular case, while admitting the binding force of the rule of law that ground rents are rent service, permitted himself to be betrayed into the dictum that title to lands in Pennsylvania was allodial, and no remnant of feudal tenure existed; or, as he puts it, "All our lands are held mediately or immediately of the State, but by titles purged of all rubbish of the dark ages, excepting only feudal names of things not any longer feudal." This dictum has been severely criticised by Chief Justice Sharswood; and in a late case, *Whitney's Estate*, 20 W. N. C. 40, one of the most learned of Philadelphia judges, Penrose, J., of the Orphan's Court, speaking of this decision, says: "Of course, even the dictum of a judge of the Supreme Court is to be treated with the most profound respect; but we cannot close our eyes to the fact that the learned judge

*The quit rents reserved by Penn must not be confounded with the ordinary ground-rent estate as known to the law under that title and as considered in this paper. They were, however, of the same character of estate and a pure rent service. They were exceedingly unpopular with the settlers, and became the subject of frequent controversy between the Penns and their Governors and the Provincial Legislature. Petitions were made for the privilege of paying them off; and it was also contended that their proceeds should be applied to the support of the Provincial Government, although this position was never conceded by the Proprietary. It is questionable whether the Divesting Act, as far as it took away the proprietary private right to these rents already reserved, would have been held a lawful exercise of the power of the legislature. The liberal compensation of £130,000 made to the Penns by the Pennsylvania Assembly by way of recognition of the service of the venerated founder of the Commonwealth and for the welfare of his family, and the acceptance by the Penns of this sum and their consequent acquiescence in the act, has happily disposed of any such question. The history of quit rents is exceedingly interesting as regards land tenure in Pennsylvania, but has no further bearing on our subject than as above indicated.

On this point, see *Penn* v. *Penn.*, 2 Yeates, 550; *Address on the Nature and Study of the Law*, by William Rawle, p. 22; *Original Land Titles in Philadelphia*, by Lawrence Lewis, p. 51; 10 *Hazard's Hist. Reg. of Penn.*, pp. 144 and 113; 1 *Smith's Laws*, 479.

[Woodward] was rather inclined to make assertions which his brethren, in subsequent cases, where the point was directly involved, have not hesitated to declare extra-judicial and unsound. Of this there are many instances: among them, *Wallace* v. *Harmstad*, a case where homage is confounded with fealty. See Sharswood's *Lectures on Feudal Law*, p. 223." It may, therefore, be safely concluded that rent service in Pennsylvania stands on the tenure of free and common socage, with service of fealty mediately or immediately to the Commonwealth. The theories of rent service and allodial titles are inconsistent. Incident to its nature as a rent service are right of distress and capacity of apportionment on the division of the land.

A ground rent is reserved by indenture. The deed is the act of both parties, and the value or principal of the estate is usually considered one of which the rent would be the annual return of six per cent. or about sixteen years' purchase. The deed usually has a clause of re-entry and distress, a waiver of exemption, covenant for payment, and certain provisions as to redemption. Being a rent service, the clause providing for re-entry and distress on default is not necessary. Being also a separate estate from the fee, it is separately assessed and taxed as real estate, although now in all modern deeds the *terre-tenant*, or grantee of the deed, covenants to pay all taxes. The annual rent payments spring into existence and become debts when they are demandable, and carry interest from that time, and are liens on the land from the date of the deed; but all arrears are discharged by a judicial sale, which, however, does not affect the principal or estate. The principal, not being a debt, was not affected by the legal tender acts, although they gave rise to much litigation as regards ground rents, which was finally settled by the Supreme Court of the United States in *Butler* v. *Horwitz*, 7 Wallace, 258. It is therefore now accepted law that the rental of a ground-rent estate is not a debt within the meaning of any legal tender acts; rent reserved

in coin dollars of a certain weight and fineness cannot be paid by dollars of a less weight and fineness, and a rent reserved in coin dollars cannot be paid in note dollars; rent payable in silver dollars can be paid in gold dollars; and where rent is reserved in so many dollars lawful silver money of the United States, though it cannot be paid in currency, yet it may be paid in any silver or gold coin which Congress has declared to be lawful money and a legal tender at the time when the payment is made. A ground-rent, being real estate, is sold and conveyed as such, and is liable to all its incidents, is subject to judgment, and may be mortgaged. It is the most perfect form of an incorporal hereditament. It must be reserved by deed with apt words, and may be for a term of years, for life, or in fee; but, in Pennsylvania, it is invariably in the latter form.

The remedies of the owner for default in payment of the annual rental are several and cumulative. He may re-enter after demand made with certain formalities, if he can do so without breach of the peace, and hold the property until the returns of the same pay his rent; or he may bring his action of ejectment to enforce his right of re-entry. But this proceeding is not of common use, and is cumbersome and inconvenient. Distress may be made on the premises, and any chattels found there sold for the rent. And finally there is the action of covenant on the original deed, which results in a personal judgment against the original covenantor, and as regulated by statute is an efficacious proceeding *in rem*, which binds the land in whatever hands it may be. The judgment to be obtained is for rent in arrears, and the principal does not become due by default. So a sale gives a title still subject to the ground-rent estate, and the seller need only protect the property up to a figure sufficient to cover the cost of sale and rent in arrears.

It has been thought best thus to set out with some particularity the legal incidents of the estate for the better

comprehension of its value as a factor in the method of owning real estate in Philadelphia, since by a complete view of the rights and liabilities of both parties the reader may come to a full understanding of its power as a factor in the development of the freehold tenures in Philadelphia. It will be well, also, to summarize its incidents and possibilities.

A holds a piece of land in the outskirts of the city, which is ripe for improvement. He has perhaps neither the capital nor the desire to cumber himself with the outlay of building on it either single houses or blocks. The land is divided into lots, valued, say, at $500, and sold to X in fee, reserving a ground rent of $30 a year. X covenants to pay the rent and to put certain improvements thereon. The vendee, therefore, becomes the owner of the fee on easy terms, and is not liable to have the principal, or price of the land, called for until he may be ready to pay it. This fact in itself was a potent inducement for mechanics and others of moderate means in the earlier days to take up land and improve it, and the records of the Recorder of Deeds Office show innumerable instances of the favor in which this estate has been held by investors, builders, and purchasers. For the first one hundred and fifty years, building in Philadelphia was almost entirely by single houses, and the ground was very frequently taken subject to ground rents. These were usually redeemable in fourteen years, after which time they became irredeemable. The act of April 22, 1850,* however, in great measure inhibited the future creation of irredeemable rents, and one passed April 15, 1869, provided for the compulsory redemption of those previously created; but this act was declared unconstitu-

* "This act only applies in cases where there is a covenant to pay a certain sum of money within a fixed period in extinguishment of the ground rent reserved in the deed; but where there is only an option to the grantee to extinguish the rent by payment of a capitalized sum within a fixed period, that option must be exercised within the time fixed, otherwise the ground-rent estate still becomes irredeemable. See *Palairet* v. *Snyder*, 15 W. N. C., 180."

tional, as impairing the obligation of contracts. The court, through Sharswood, J., delivered a remarkably able and elaborate opinion,— *Palairet's Appeal*, 17 P. F. S. 479,— discussing the nature of ground rents and the attempt of the legislature to enforce compulsory sales.

It is to be regretted for the purpose of this paper that anything like accurate statistics of the number of ground rents created from year to year, or even the total number that have existed, cannot be obtained. Nothing short of an examination of the thousands of volumes of the Recorder's Office would furnish this. Many rents, irredeemable and otherwise, have been paid; and, as most existing estates are not taxed separately from the fee, the tax-office records are of no avail. But there is no doubt that, down to recent years in most instances, where land was taken for purposes of improvement, without an outright sale, the purchase was made subject to a ground rent.

In 1831, the first American Building Association was organized at Frankford, Philadelphia, upon which all others in this country have been modelled, it being in turn a reproduction of the Friendly Societies of Great Britain. It would here be impossible to go into the internal workings of these associations,* for and against which much has been said. Judge Strong, in *Building Association* v. *Sutton*, 11 Casey, 468, said: "The practical working of these associations has not been what has been anticipated. Though called building societies, they are in truth only agencies by which a greater than legal interest is obtained from the unwary." The decisions of the Maryland courts have been hostile, and in Massachusetts the scheme did not meet with success. They have, however, doubtless contributed largely to the building up in Philadelphia of the large class of small freehold tenements; and they

*See Endlich on *Building Associations;* article by H. W. Page, Esq., in Volume II. of *American and English Encyclopædia of Law;* papers read by Edmund Wrigley and Joseph T. Doran before the Social Science Association of Philadelphia; Wringley on *Building Associations.*

readily accepted the scheme of tenure by ground rents as an adjunct to their operations. They have doubtless stimulated the desire, more or less inherent in many workmen, to own their homes. A workman who has no capital, and is dependent upon his wages, may perhaps be able to set aside a surplus of five or ten dollars a month. With this, he buys, say, five shares of stock in a building association, which entitles him to a loan of $1,000. A lot is purchased on ground rent, say $500; and a loan is purchased from the association for $800, at from five to fifteen per cent. premium, as money may sell at the time. The house is erected. The association is secured by the mortgage of the fee, with the stock as collateral. The house-holder pays his rental, $30 per annum; $5 a month on his building association stock, $60; the interest on his loan, say $96; for taxes, $12; his water rent, $5,— making a total of $170 or $180 for ten years, at the end of which time the series is wound up, and he has paid $1,800 to $2,000 under a compulsory saving fund, and owns his own house, subject to a ground rent. If he had rented, he would have paid out $1,400 to $1,600 for rent alone, and would not have owned his house. Of course, could the purchaser have bought outright, he would have been better off; or could he have obtained credit to borrow at six per cent. on mortgage, and then bought the stock as a non-borrowing member, he would have been better off. But the utility of the building association is for the industrious workman without credit, who could not get such a loan, and on whom the obligation to the association acts as an incentive to save money, to keep up his dues.

The field for building associations was found in the scarcity of money and the necessity for paying a high rate for money borrowed; and the willingness of building associations to loan is based on their policy, which permitted them to loan on a junior security — subject to the ground rent — up to the actual value of the building, by reason of their holding the collateral security of the stock of the

borrower, by virtue of which he makes monthly payments on account of his debt, and thus is constantly reducing the same. On a like security, the would-be purchaser could not go to any of the banking institutions or investors and obtain a like loan wherewith to erect his house. The building associations always preferred a ground rent as the senior charge subject to which they should loan, for the obvious reason that the principal thereof could not be called for, so that the association could not be obliged to protect itself beyond the accruing rent of a year, in the event of a default by the owner of the fee.

Some time before the war of 1861, there began a great activity in what was known as bonus building, which may be briefly described as follows: A, holding a tract of land of one or more acres ready for improvement, having divided it into city lots, would sell the same to an irresponsible party,— a man of straw, X,— who would give a bond and mortgage for each property, covering the supposed value of the same after the erection of the contemplated building. Under this advance-money mortgage, A was to advance to B, the builder and real purchaser, to whom an assignment of the property subject to the mortgage had been made by X, the difference between the agreed price for the land and the amount of the mortgage to be made as advances to the builder, payable, as specified, upon completion of certain steps in the building,— *i.e.*, so much when first joists were laid, so much when the second floor was done, so much when under roof, etc. These mortgages, being a first lien, protected the mortgagee from mechanics' liens to the extent of his mortgage. For the above purposes, mortgages were preferred to ground rents, as they were more easily converted, sold, or placed; and, in the "flush" period after the war, the speculator would easily sell his houses for greater or less amounts over the mortgages. Sometimes, the mechanic or material men were paid; but, if the venture failed, they would often be "cut out" by the properties being

sold under the mortgage, when they frequently would not bring the face value thereof. Individuals would suffer; but a net result was that the city had so many new houses, and the neighborhoods generally recovered from the effects of over-building and grew up to them, unless a mistake had been made in erecting too high a grade of house for the place or in calculating the somewhat arbitrary trend in the fashion of municipal emigration.

With the panic of 1873 came great depression in real estate. Thousands of houses, some carrying first and second mortgages, were sold, and did not realize the face of the first mortgage, and many material men and mechanics suffered; and the aid of the legislature was invoked, with the result of the act of June 8, 1881, which inhibited the creation of purchase-money mortgages for a greater amount than the actual value of the unimproved land, at least subordinating the lien of any thus created to the liens of mechanics, etc.* This stopped the use of mortgages for the bonus building, and revived the popularity of ground rents, the new creation of which had waned for ten or fifteen years. Now they have come again into favor; and, where suburban land is being improved, it is safe to say that seventy to eighty per cent. of land which is improved by erection of the smaller grade of houses is sold to contractors or builders, subject to what is an actual advance-money ground rent, it having been the opinion, thus far unquestioned, that ground rents, being an actual estate, were not covered by the act of 1881.

At the present time, the city improvements are generally made, not so much by individuals, who purchase the lots on ground rent and then erect their own houses, as by large operations in blocks at a time. The tendency of the age to do work by concentration of force renders this necessary, and needs no special comment here. The mechanic can really get a better house for less money in

* *Pamphlet Laws*, 1881, p. 56.

this way than if he first buys his land and builds himself. Operations like those alluded to, where a block or more is built on ground rent, have all the desirable features of the single purchase, so far as the ultimate owner of the fee is concerned. He has his house, which is worth, say, $2,000, subject to a ground rent of $90, which is six per cent. on $1,500; and he can pay that off at any moment after a certain specified time, or he need never pay the principal.

As a marketable security, these ground rents are not so good as mortgages for a corresponding amount: First, because the ground-rent landlord can never count on calling in his money, and the market might not be such as to favor the sale of such real estate at par at any given moment. For this reason, the prevailing rate of interest is six per cent. against five per cent. or four and one-half per cent. on an equal amount secured by mortgage; and the tenant virtually pays that much additional per annum for his privilege of the optional redemption of his debt. Second, because the fee of the land is liable to be sold out on a judgment at any time, of which event the landlord may know nothing until he comes to collect his rent, unless he watches the monthly list of sheriff sales. His only damage, however, would be that any arrears of interest due would be discharged by the sale, and lost, if the fund derived therefrom was not enough to meet this obligation in addition to costs and taxes.

To summarize our conclusions, it may be said that in the first one hundred and fifty years or so of the life of Philadelphia ground rents were increasingly in favor as a method of taking up land by mechanics and other persons of limited means, who contracted to improve the same by a moderate building. Many of these rents became irredeemable by the terms of the deeds, reference to which show the lots to have been often small and the improvement covenant for only two-story buildings. That beyond all doubt this method, furnishing as it did

an opportunity for the industrious workingman to obtain a home at the outset of his career, without the actual investment of a capital, greatly facilitated the building up of the large class of small freeholders; that the system continued to grow in favor with the capitalists, operators in real estate, and the ultimate purchaser,—is conclusive evidence of the equitable basis of the relation created by the ground-rent estate and of its adaptability to the wants of the community.

The growing demand for safe investments, owing to the vast increase of idle and trust capital, makes good ground rents most desirable investments to hold. Being real estate, however, they are not trust investments in which executors and trustees can invest without the consent of the Orphan's Court. Many of the earlier and now irredeemable ground rents have been reserved on lands the value of which the march of improvements has increased enormously; and they have therefore become, in the language of conveyancers, "gilt-edged" securities, which command a considerable premium at auction by reason of their permanent character. In some parts of the city, however, these gilt-edged ground rents have been held in blocks by conservative families, who would not release them on any reasonable terms; and their existence has served as a bar to the improvement of certain neighborhoods, until the tide has swept by and left those streets stranded with rows of antiquated houses, and the locality tenanted by an undesirable class, who make future improvements still more difficult.

The act of 1850, inhibiting irredeemable ground rents, has removed the only feature, which as a clog to the free circulation of land, was open to criticism as against public policy and contrary to the spirit of our age and country. The advent of building associations found the system of ground rents ready made to their hands; but these societies have, in the judgment of many, reached their greatest development, and their influence and prestige, it is

thought, will be apt to wane in the future, as their success was founded on usurious or excessive rates of interest, and they may not be able to compete with the wealthy institutions now about to enter the field as competitors, and claiming to afford the same relief to scanty credit with less exorbitant rates of interest. And, finally, the large operators who come with these later times have found in the ground rents a system admirably calculated to protect the capitalists and furnish the consumer his house ready built, with the least objectionable kind of encumbrance which it is possible for a wage-winner to have on his house, owing to the non-demandable character of the principal. The equitable flexibility of the ground rent, as developed in Philadelphia, is in marked contrast to the kindred rent service once in force in the immense landed estates of New York, which led to the anti-rent riots of 1846.*

There remain to be noted two new features, which may have a decided bearing on the future method of continuing the acquisition of homes by the workingman. First, the Real Estate Title Company has inaugurated the system of loaning money on houses at six per cent. up to, say, a three-fourths valuation on mortgages, with the privilege of paying off the same in instalments. This plan is admirably adapted to such purchasers as may have saved enough capital to purchase the equity demanded by the rules of the company. Second, another and more novel plan is that offered by the United Security Life Insurance and Trust Company. This company, incorporated with a capital of $1,000,000, offers to loan up to eighty per cent. or more of the value of the property on a five, ten, and twenty year term. The scheme then provides for a mortgage by the purchaser to the company, with a policy of life insurance to be issued by the mortgagee company,

* *The Anti-rent Agitation of the State of New York*, by Edward P. Cheyney, A.M.,— publication of the University of Pennsylvania, No. 2. Porter & Coates: Philadelphia, 1887.

the mortgagor agreeing to make monthly payments, calculated on such a basis that, if he lives out the term, he will pay off his principal, the amount of this payment including a premium on his life which covers the cost of insurance for that short term, so that, in the event of his death during the term, the property is handed over to the beneficiary clear of the mortgage. It is said that the insurance and the payment amount to but a few dollars per month more than the rent would be, and that the purchaser gets his insurance as cheaply as he could buy it elsewhere. The same admirable element of the compulsory saving fund which gave the chief value to the building association is present, while the element of exorbitant interest is absent. In addition to this, the purchaser has, possibly, greater assurance of honest and economical management of the affair in the greater financial ability and resources of a strong financial concern like this. We are advised by the officers of the company that the demand for the opportunities offered by their company has more than equalled the means of the company to supply it, which, as far as their short experience goes, would indicate that a public want has been recognized and met.

But, when all has been said and every element has been examined, nothing can be found to discredit the proposition that, from the earliest days to the present, the ground rent, as developed in Philadelphia, has, by offering a safe security to the original land-owner and an unoppressive burden to the purchaser, greatly encouraged the taking up and improvement of land, either directly or through middle-men; and that the ultimate result has been of benefit to the large class of small freeholders or tenants who demand a separate house as a necessity of life, and who exist in Philadelphia in greater numbers than in any other great city of the world.

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